

GOVERNMENT OF TELANGANA
ABSTRACT

Irrigation & CAD Department - Kaleshwaram Irrigation Project Corporation Ltd., Hyderabad-
Borrowing Term Loan of Rs.1500.00Crores from Canara bank as its share in the consortium of
Nationalized commercial banks out of Rs.11400.00 Crores including IDC for implementation of
Phase-II (Link-II, III & IVA) of Kaleshwaram Project – Permission accorded – Orders issued.

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IRRIGATION AND CAD (Projects-IV) DEPARTMENT

G.O.Rt.No. 814

Dated: 27-09-2017

Read the following:-

1. G.O.Ms.No.145, I&CAD (Projects-II) Department, Dt.06-10-2015.
2. From the Managing Director, Kaleshwarm Irrigation Project Corporation Limited, Hyderabad, Lr.No.MD/KIPCL/HYD/2017/70, Dt.25-09-2017.

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ORDER:-

In the reference 1st read above, the Government have issued orders constituting the Kaleshwaram Irrigation Project Corporation (KIPC) to plan, appraise, approve, release funds, implement, manage, operate, monitor and evaluate the Kaleshwaram Project.

2. In the reference 2nd read above, the Managing Director, Kaleshwarm Irrigation Project Corporation Limited, Hyderabad has stated that the Canara Bank, Hyderabad has agreed for sanction of total term loan of Rs.1500.00 Crores as its share out of Rs.11,400 Crores (including IDC) under consortium banking arrangement to Kaleshwaram Irrigation Project Corporation for implementation of Phase-II (Link-II, III& IVA) of Kaleshwaram Project).

3. The Managing Director, Kaleshwaram Irrigation Project Corporation Ltd., Hyderabad have reported that the Canara Bank has sanctioned a Term Loan of Rs.1500.00 Crores as its share in the total loan of Rs.11,400.00 Crores and that the Canara Bank while enclosing terms and conditions, has informed that the Consortium of Banks would disburse to the extent of 70% of the amount and 30% of the amount as margin by the Corporation in each tranche of disbursement and they have also requested the Kaleshwaram Irrigation Project Corporation to give acceptance for their terms and conditions.

4. The Managing Director, Kaleshwarm Irrigation Project Corporation Limited, Hyderabad has requested the Govt., to provide concurrence/approval for the terms and conditions of loan sanctioned for the above and to issue necessary orders on the required documents to be provided by the Govt., in order to execute the loan agreement with the Canara Bank.

5. Government after careful consideration of the matter, hereby accord permission to the Kaleshwaram Irrigation Project Corporation Limited to borrow the Loan amount of Rs.1500.00 Crores (Rupees One Thousand Five Hundred Crores Only) from Canara bank as its share in the consortium of Nationalized commercial banks out of Rs.11400.00 Crores including IDC for implementation of Phase-II (Link-II, III & IVA) of Kaleshwaram Project, subject to the terms and conditions annexed to this order. The Government of Telangana will stand guarantee for repayment of loan taken from Canara Bank covering principal and interest. The State margin money of 30% including IDC will be met by the Government of Telangana through Budgetary support.

6. The Kaleshwaram Irrigation Project Corporation Limited will pay the Guarantee Commission @ 2% Consolidated for the entire Guarantee period, as the Guarantee Commission cannot be exempted as per RBI guidelines. The KIPCL shall remit the amount to Government to the following Head of account:

"0070 Other Administrative Services – 60 Other Services – MH 800 Other Receipts – SH 08 Commission for guarantee given by Government".

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7. This order issues with the concurrence of Finance (DCM) Department vide their U.O.No.11042/152/A1/DCM/2017, Dt.26-09-2017.

8. The Managing Director, Kaleshwaram Irrigation Project Corporation Ltd., Hyderabad, shall take necessary action, accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

**DR. SHAILENDRA KUMAR JOSHI
SPECIAL CHIEF SECRETARY TO GOVERNMENT**

To

The Managing Director, Kaleshwaram Irrigation Project Corporation Ltd.,
Hyderabad.

The Accountant General, Hyderabad.

The Director of Treasuries and Accounts, Hyderabad.

The Director of works and Accounts, Hyderabad.

Copy to:

The Engineer-in-Chief (Irrigation), Hyderabad

The PS to Chief Secretary

The PS to Addl. Secretary to Hon'ble CM.

The PS to Spl. Chief Secretary to Government, I&CAD Dept.

The Chief Engineer, Kaleshwaram Project, Hyderabad.

The Canara Bank, Hyderabad.

The Finance (DCM) Department.

The General Administration (Cabinet) Department.

// FORWARDED : : BY ORDER //

SECTION OFFICER

(Condt. TO ANNEXURE)

ANNEXURE to the G.O.Rt.No.814, I&CAD (Projects-IV) Dept.,
Dt.27-09-2017

The terms and conditions approved by the Government:

| Facility | Term Loan (Fresh) | | |
|----------|--|--|-----------------|
| Limit | Rs.1500.00 Cr (Rupees One Thousand and Five Hundred crores only) | | |
| Purpose | For the purpose of part financing Phase-2 (Link II, III and IVA) project cost of Rs.34,440.96 Cr (Including IDC) entailing Providing Irrigation facility, Development of Command Area in the state of Telangana under Kaleshwaram Project being developed by Govt. of Telangana. | | |
| | No | Particulars | Amount in Cr. |
| | 1 | Land Acquisition/ Forest Land/R&R | 2609.49 |
| | 2 | Civil & Structural Works, Buildings | 19184.01 |
| | 3 | Plant & Machinery (EM &HM) | 6390.00 |
| | 4 | Miscellaneous Fixed Assets | 73.00 |
| | 5 | Electrical Substation and Installation | 1935.50 |
| | 6 | Tools and Plants | 298.28 |
| | | Total Hard Cost | 30490.28 |
| | 7 | Preliminary Expenses | 246.06 |
| | 8 | Pre-operative Expenses | 668.99 |
| | 9 | IDC | 1567.50 * |
| | 10 | Margin for working capital | 49.00 |
| | 11 | Provision for Operations and Maintenance | 1419.13 |
| | | Total | 34440.96 |

(*) The above estimate of IDC is subject to change based on actual drawl and margin shall be brought in by the Corporation accordingly.

| Primary Security | | First Pari-Passu charge by way of assets of Link II, III and IVA of Phase 2 of the Project created out of Term Loan along with other member banks in the consortium. Charge on revenue inflows of the project. | | | | |
|---------------------|-----------------|--|--------------------------|------|------------------------|--------|
| Collateral Security | | Unconditional and irrevocable guarantee of the Government of Telangana guaranteeing the repayment of Principal and Interest. | | | | |
| Margin | | 67% on overall project cost including interest during construction period. However, in case actual IDC exceeds the estimated IDC of Rs.1567.50 Cr the corporation has to pay the difference from their own sources. In case of reduction, loan amount to be proportionately reduced. | | | | |
| Rate of Interest | | 9.20% p.a. (arrived as 1 year MCLR+0.85%) with annual reset of MCLR. Interest is to be serviced as and when debited. | | | | |
| COD | | On or before 01.04.2020 | | | | |
| Repayment | | To be repaid in 48 quarterly installments from the COD as per the repayment schedule below: | | | | |
| Year | No. of Quarters | % of Repayment | Repayment for total debt | | Repayment for our Bank | |
| | | | Per Qtr | Year | Per Qtr | Year |
| 2020-21 | 4 | 6 | 171 | 684 | 22.50 | 90.00 |
| 2021-22 | 4 | 6 | 171 | 684 | 22.50 | 90.00 |
| 2022-23 | 4 | 6 | 171 | 684 | 22.50 | 90.00 |
| 2023-24 | 4 | 8 | 228 | 912 | 30.00 | 120.00 |
| 2024-25 | 4 | 8 | 228 | 912 | 30.00 | 120.00 |
| 2025-26 | 4 | 8 | 228 | 912 | 30.00 | 120.00 |
| 2026-27 | 4 | 8 | 228 | 912 | 30.00 | 120.00 |

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|---|--|-----|------|-------|-------|---------|
| 2027-28 | 4 | 8 | 228 | 912 | 30.00 | 120.00 |
| 2028-29 | 4 | 10 | 285 | 1140 | 37.50 | 150.00 |
| 2029-30 | 4 | 10 | 285 | 1140 | 37.50 | 150.00 |
| 2030-31 | 4 | 10 | 285 | 1140 | 37.50 | 150.00 |
| 2031-32 | 4 | 12 | 342 | 1368 | 45.00 | 180.00 |
| Total | 48 | 100 | 2850 | 11400 | | 1500.00 |
| Upfront fee | 0.075% of the limit plus applicable GST | | | | | |
| Prepayment Charges, Annual Review Charges | Waived. | | | | | |
| Disbursement | <p>Branch to follow the following procedure while allowing disbursements:</p> <ol style="list-style-type: none"> 1. Corporation shall make request to the bank for disbursal of loan towards project expenditure depending on the need/requirement of the project. 2. Corporation shall submit a request to the Leader Bank of consortium after getting the necessary approvals for payment from Government for payment of the Bill amount. 3. Corporation shall submit request letter to Leader Bank with details of expenditure duly incorporating details of Link, Package, Nature of Work, Contractual Value, Amount Already spent and present amount of request for payment. Further, RTGS details of contractor/vendor to be informed. 4. Consortium will release 70% of the bill amount to the credit of TRA account on receipt of 30% of Govt. margin money and total amount will be paid to the Contractors/Vendors as per the request of the Company. <p>In case of Corporation has already incurred expenditure, the same may be reimbursed excluding its margin money of 67% subject to:</p> <ol style="list-style-type: none"> a) Submission of CA certificate certifying that the expenditure is incurred along with details mentioned in Point No.3 of above. b) CA certificate shall also certify that the same has been incurred from our funds of the Corporation and not financed previously by any Bank/FI. c) Company should give undertaking that the same will not be claimed from any other commercial bank/FI etc. | | | | | |

Special terms and conditions:

1. State Govt. shall approve for the proposed borrowing of Rs.11400 Cr. extending Government guarantee along with approval for infusion of 67% of project cost i.e Rs.23040.96 Cr as their margin before release of limits.
2. The Corporation shall submit resolution under Sec 180(1) © of the Companies Act, 2013 fixing its borrowal limit and certificate of Statutory Auditor shall be obtained to that effect that the proposed borrowing will be within such limit.
3. The Corporation shall undertake (before disbursement of loan) to service the bank loans from the project revenues.

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4. The Corporation shall submit a certificate regarding a date of completion of segment before documentation and the same shall be documented as DCCO.
5. The Corporation shall obtain all the statutory and non-statutory clearances required for implementation of the project, including environmental clearances, approvals from Central Government agencies.
6. The Corporation shall undertake that all the necessary permission for the implementation of the project are in force and will be kept in force during the implementation of the project.
7. The Corporation shall undertake that in the event of reduction in the project cost on account of any savings on account of duties/other taxes, price negotiations or otherwise there would be a prorate reduction in all components of the means of finance.
8. The Corporation shall undertake that in case of any Cost overrun in the project cost, the same would be met by the corporation without any recourse to the project lenders.
9. Actual legal expenses incurred by the lender for documentation, filing of charges, search report shall be borne by the Corporation.
10. The Corporation shall arrange for submission of Letter of Commitment / Govt. order from the Finance Department, Govt. of Telangana for contributing to 67% of the project cost (including IDC) as margin and continue the same till the entire outstanding with the Bank is cleared.
11. Corporation shall ensure that necessary land is acquired for smooth implementation of the project.
12. The corporation shall submit an undertaking to the effect that the water usage for the project is and will be within the overall water allocation made to the project.
13. The corporation shall furnish an undertaking to furnish periodical progress report of the project to the consortium.
14. It is to be ensured by the Corporation that there are no inter-state disputes that effect the progress/ implementation of the project.
15. Corporation shall ensure that the project designs are approved by the competent authority.
16. Corporation has to undertake that in case the actual amount of interest during construction period exceeds the estimated amount of Rs.1567.50 Cr, the same shall be paid by the Corporation out of their own sources. Likewise, the loan amount shall be reduced proportionately in case the actual amount of interest to be serviced during the construction period is less than the estimated IDC amount of Rs.1567.50 Crores.
17. If the Bank chooses to revise the interest rate due to the reset clause, and the same is not acceptable to the borrower, the outstanding term loan shall have to be adjusted in full, failing which the bank would charge the revised interest rate from the date of reset.

Pre-disbursement conditions:

1. The limits should be released only after the terms and conditions of the sanction are accepted/acknowledged by the borrower Letter from the borrower/guarantors for having accepted all the terms and conditions shall be submitted to the bank.
2. Necessary documents as per bank guidelines shall be executed as got vetted by our Panel Advocate as per the extant guidelines of the bank.

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General conditions:

1. Consent letter from the applicants for disclosure of their names in the defaulters list, CIBIL data in the event of default on the part of the borrowers, as per RBI guidelines and as communicated by Head Office shall be obtained.
2. Bank reserves its right to alter/cancel and/or modify the credit limits/loans sanctioned and/or terms and conditions stipulated without notice and without assigning any reason thereof.
3. Our Bank reserves the right to rearrange the repayment schedule and to call upon the Corporation to accelerate the payments, if the Corporation's financial position so warrants as per the opinion of the bank.
4. The rate of interest and margins stipulated are subject to changes from time to time at the sole discretion of the bank/as per the guidelines of Reserve Canara Bank/Government of India/Canara Bankers Association, etc.,
5. Any delay in repayment of the loan instalments will have adverse impact on credit rating and will affect the credit history of the borrower.
6. Default, fraud, legal incompetence during the currency of the limits, non compliance of agreed terms and conditions, non-submission of required papers for renewal of limits, overdues in the term loans, any other irregularities by the borrower will enable the bank to recall the loan/advance.
7. The bank will have the right to examine at all times the Corporation's books of accounts and to have to Corporation work sites/units inspected from time to time by Officer(s)/representative(s) of the bank and/or qualified auditors and/or technical experts and/or Management Consultants of the bank's choice. Cost of such inspections shall be borne by the firm.
8. The Corporation will keep the bank informed of the happening of any event likely to have substantial effect on their profit or business, with explanations and the remedial steps proposed to be taken.
9. Sharing of Information on prescribed format(L&A cir.31/2012 & 99/2012) be obtained from all lenders on regular intervals and adverse feature observed if any to be dealt with accordingly in view of Bank's interest

Terms and conditions applicable to term loan:

- a) Right to accelerate the installments:

In case of commensuration, cash flows are more than the projections given by the Corporation, bank has the right to celebrate the installments.

- b) Cost over runs:

Borrowers shall undertake to meet the cost over-runs if any out of their own resources.

Constituent wise – Terms and conditions:

Terms and conditions applicable to Limited Companies:

1. The Corporation shall submit all the necessary resolutions required for approaching the bank for the credit facilities and also availing the same.
2. The Corporation shall pass a resolution in EGM of share holders for borrowing above its share capital and free reserves, if any under Sec,293 (a) (d) of the Corporation's act 1956 for applying and availing the limits to be sanctioned. Corporation to submit a resolution for availing the limits and execution of the loan documents.

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3. It is to be ensured that the Corporation shall file charges with Registrar of Companies within 30 days of documentation and get the same registered.
4. During the currency of bank finance, the Corporation shall not, without bank's permission in writing:
 - a) Effect any change in the Corporation's capital structure.
 - b) Formulate any scheme of amalgamation.
 - c) Implement any scheme of expansion or acquire fixed assets.
 - d) Make investments/advances or deposit amounts with any other concern.
 - e) Enter into borrowing arrangements with any bank/FI/Corporation.
 - f) Undertake guarantee obligations on behalf of any other Corporation.
 - g) Declare dividends for any year except out of profits relating to that year.
 - h) Change in composition of Corporation's Board of Directors.

Other terms of sanction:

1. An undertaking letter from the Corporation to be submitted stating that all the required dues like taxes, duties etc., shall be paid as and when they fall due.
2. Any cost escalation of the project shall be borne by the Corporation and an undertaking to this effect shall be submitted by the Corporation.
3. All other conditions as per Bank's guidelines and circulars issued from time to time are applicable.
4. (i) Sanction of limits does not amount to commitment on the part of the Bank to release/disburse the limits sanctioned.
 - (ii) Disbursement/release of limits are subject to compliance of all terms of sanction, execution of all required legal documents etc. to the satisfaction of the Bank.
 - (iii) Commitment to disburse/ release will arise only on the day of completion of all requisite formalities (This will be the date of commitment).
 - (iv) Bank reserves its unilateral and unconditional right to cancel credit limits in whole or in part without assigning any reason and time for non compliance of terms of sanction or non-execution of legal documents or non-creation of charges as required by the Bank.
 - (v) The facility(s) being provided by the Bank is/are unconditionally cancellable at any time by the Bank without prior notice or the Bank has right for automatic cancellation due to deterioration in the Borrower's credit worthiness.
 - (vi) If the Project fails to take off or stalled for any reasons including but not limited to natural calamities, denial of approvals, lack of clearances from environmental agencies, etc, lenders can invoke the Govt. guarantee to recover the Term Loan as per repayment schedule

DR. SHAILENDRA KUMAR JOSHI
SPECIAL CHIEF SECRETARY TO GOVERNMENT

SECTION OFFICER